

ARTICLE 5: AGREEMENT AUTHORITY

5.1 Vessels. The Parties are authorized to discuss and agree upon the number, size and characteristics of vessels to be deployed hereunder and, without further amendment, to operate a service of up to twelve (12) vessels with a nominal capacity of up to 4,000 TEUs each. Pursuant to and without limitation of the foregoing, the Parties hereby agree as follows:

(a) Initially, the Parties shall operate ten (10) vessels, to be provided as follows:

HSDG: 4 vessels with a nominal capacity of 3,600 TEUs, an operating capacity of 2,300 TEUs @ 14 mtons/TEU and 672 usable reefer plugs and 1 vessel with a nominal capacity of 2,800 TEUs, an operating capacity of 2,000 TEU @ 14 mtons/TEU, and 560 usable reefer plugs.

ML: 3 4 vessels with a nominal capacity of 3,400 TEUs, an operating capacity of 2,190 ~~1,890~~ TEUs @ 14 mtons/TEU, and 633 usable reefer plugs, ~~and~~ 1 vessel with a nominal capacity of 2,800 TEUs, an operating capacity of 2,000 TEU @ 14 mtons/TEU, and 560 usable reefer plugs and 1 vessel with a nominal capacity of 3,500 TEUs, an operating capacity of 2,190 ~~1,890~~ TEUs @ 14 mtons/TEU, and 560 usable reefer plugs.

All vessels will be required to perform a service speed of 21.5 knots.⁺

(b) [INTENTIONALLY LEFT BLANK]

⁺ The Parties agree that the fifth vessel provided by each of them shall be upgraded to the capacity of the other vessels provided by that Party when appropriate tonnage becomes available.

(d) A Party shall have the right to replace and/or substitute vessels throughout the life of the Agreement, provided that the substitute vessel meets the minimum specifications set out in Article 5.1 and all additional vessel and cargo expenses associated with such substitution are for the account of the Party substituting the vessel.

5.2 Service and Schedule.

The Parties agree to maintain a reliable fixed day weekly frequency of service in accordance with a schedule to be agreed. The Parties are authorized to discuss and agree upon criteria to measure adherence to the agreed-upon schedule and remedial actions/consequences, including responsibility for costs, in the event of non-adherence.

5.3 Space Allocation.

(a) Space on the vessels operated hereunder shall be allocated as follows, with the precise amount varying by vessel type:

<u>Northbound (16.2 tons/TEU)</u>	<u>Southbound (14 tons/TEU)</u>
ML <u>820 to 954</u> 885 TEUs (<u>280 to 318</u> 285 plugs)	<u>950 to 1,115</u> 1,025 TEUs (<u>280 to 318</u> 285 plugs)
HSDG <u>906 to 1,065</u> 1,038 TEUs (<u>280 to 355</u> 340 plugs)	<u>1,050 to 1,230</u> 1,200 TEUs (<u>280 to 355</u> 340 plugs)

The Party operating the vessel shall be entitled to utilize slots in excess of the vessel's declared capacity and unused slots in the other Party's allocation.